

Message Text

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ORIGIN ITC-01

INFO OCT-01 EB-07 COME-00 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-06 ARA-06

EA-07 EUR-12 NEA-10 /122 R

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TO USDEL MTN GENEVA PRIORITY

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C O R R E C T E D C O P Y (PARA 1 TERMINATED AFTER A BTN)

E.O. 11652: N/A

TAGS:ETRD, MTN

SUBJECT: TSUS/BTN CONCORDANCE FOR STEEL PRODUCTS

REF: MTN GENEVA 2325

FOR MALISH FROM HART

1. GENERAL COMMENTS ON DIMENSIONS OF CONCORDANCE PROBLEMS.
THE ACTUAL DIMENSIONS OF CONCORDANCE PROBLEMS FOR ANY
SECTOR, INCLUDING STEEL, CANNOT BE SET OUT UNTIL THE
PARAMETERS OF THE SECTOR ARE DEFINED. THE STEEL SECTOR IN
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THE KENNEDY ROUND (KR) WAS DEFINED AS PRODUCTS COVERED BY
B TN HEADINGS 73.01 AND 73.04 THROUGH 73.20. IN THE KR
STEEL SECTOR NEGOTIATIONS AN AGREED CONCORDANCE AT THE
TARIFF LINE LEVEL WAS ESTABLISHED FOR TARIFFS OF THE UNITED

STATES, THE EC OF 6, THE UNITED KINGDOM, JAPAN, SWEDEN AND AUSTRIA. THIS WAS ACCOMPLISHED IN ABOUT ONE MONTH OF BILATERAL AND MULTILATERAL DISCUSSIONS IN GENEVA AMONG TECHNICAL EXPERTS, FOLLOWING ADVANCE PREPARATIONS IN CAPITALS. ASSUMING OTHER GOVERNMENTS ALSO KEEP FILES, I SHOULD THINK THAT IN A SECTOR NEGOTIATION ON STEEL IN THE MTN, THE KR CONCORDANCES WOULD SERVE AS A POINT OF DEPART-URE, AND THAT THEY SHOULD BE REVIEWED, UPDATED AND CORRECTED WHERE NECESSARY, AND THEIR COVERAGE MADE TO CONFORM TO THE MTN DEFINITION OF THE SECTOR.

BECAUSE OF THE KR WORK AND THE INTERNATIONAL DISCUSSIONS ON CLASSIFICATIONS WHICH TOOK PLACE IN CONNECTION WITH OPERATION OF THE STEEL VRA'S, WE ARE PROBABLY IN A BETTER TECHNICAL POSITION TO PRODUCE IN A FAIRLY SHORT TIME AN ACCURATE CONCORDANCE ON STEEL THAN PERHAPS FOR ANY OTHER INDUSTRIAL SECTOR.

2. THE "NUMBER OF TARIFF LINES INVOLVED IN BOTH SYSTEMS." THIS DEPENDS, OF COURSE, UPON THE DEFINITION OF THE SECTOR. BUT SIMPLY AS AN ILLUSTRATION FOR TWO OF THE MAJOR TARIFF SCHEDULES AND USING THE KR SECTOR DEFINITION, THE 18 BTN HEADINGS ENCOMPASSED 124 TSUS ITEMS AND 145 LINE ITEMS IN THE EC SCHEDULE AT THAT TIME. IN THE US/EC STEEL SECTOR CONCORDANCE, THERE WERE 538 "CROSS ASSIGNMENTS" BETWEEN THE 124 TSUS ITEMS AND THE 145 CXT ITEMS.

3. THE "ADEQUACY OF THE TSUS AND BTN TO COVER STEEL TRADE." GIVEN THE YEARS AND EXTENT TO WHICH BOTH SYSTEMS HAVE BEEN IN "SUCCESSFUL" USE, BOTH OBVIOUSLY MUST BE "ADEQUATE," BUT ADEQUACY ADMITTEDLY IS IN THE EYE OF THE BEHOLDER. SOME PRODUCT DEFINITIONS USED BY THE AMERICAN IRON AND STEEL INSTITUTE, FOR EXAMPLE, DIFFER FROM THOSE USED IN THE TSUS, AND I THINK A SIMILAR SITUATION EXISTS IN EUROPE, AND THERE ARE, OF COURSE, DIFFERENCES BETWEEN EUROPEAN AND U.S. DEFINITIONS. IN THE KR WORK ON STEEL, THE BTN WAS USED AS THE BASIC FRAMEWORK FOR THE NEGOTIATIONS SIMPLY LIMITED OFFICIAL USE
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BECAUSE IT WAS USED BY ALL PARTICIPANTS IN THE SECTOR EXCEPT THE UNITED STATES.

4. STATUS OF HARMONIZED SYSTEM COMMITTEE WORK ON CHAPTER 73. ROSENGARDEN AND DAIKER, ACCOMPANIED BY U.S. INDUSTRY REPRESENTATIVES, WERE IN BRUSSELS LAST WEEK FOR BILATERAL DISCUSSIONS OF PROBLEMS IN THE MOST RECENT REVISION (THE EIGHTH) OF A PRELIMINARY DRAFT OF A REVISED BTN CHAPTER 73. PROSPECTS ARE NOT GOOD FOR RAPID PROGRESS. PRESENTLY, CHAPTER 73 IS SCHEDULED FOR CONSIDERATION AS ONE OF THE FINAL CHAPTERS ON THE WORK AGENDA OF THE HARMONIZED SYSTEM COMMITTEE, MEANING THAT A DRAFT FROM THE

HSC TECHNICAL TEAM IS AT LEAST A YEAR, POSSIBLY TWO YEARS, AWAY. BECAUSE OF THE DIVERGENT VIEWS ON A COMMODITY CLASSIFICATION SYSTEM FOR STEEL, REFERRED TO IN PARAGRAPH 3 ABOVE, IT APPEARS FROM WORK DONE THUS FAR THAT THE COMPROMISE REACHED IN ANY INTERNATIONAL COMMODITY CODE FOR STEEL WILL DEVIATE SUBSTANTIALLY FROM THE PRESENT BTN.

5. PROBLEMS IN PRESENT U.S. CONCORDANCES.

IN THE PRESSURE OF MEETING THE DEADLINE FOR COMPLETING THE USITC BTN STUDY IT WAS NOT POSSIBLE TO GIVE ADEQUATE ATTEN-

TION TO THE ACCURACY OF THE CONCORDANCE CONTAINED IN THAT REPORT. IT HAS BEEN FOUND TO CONTAIN AN UNDULY LARGE NUMBER OF INACCURACIES AND CONSEQUENTLY SHOULD BE USED WITH CAUTION AND RESERVATIONS. FOR EXAMPLE, THERE ARE 90 "MISMATCHES" OR DIFFERENCES BETWEEN THE TWO SIDES OF THE CONCORDANCE (TSUS/BTN AND BTN/TSUS) FOR CHAPTER 73. THESE DIFFERENCES HAVE NOW BEEN RESOLVED, AND WE ARE IN THE PROCESS OF CHECKING THROUGH AN APPROXIMATELY EQUAL NUMBER OF DIFFERENCES BETWEEN THE "CORRECTED" BTN REPORT CONCORDANCE AND THE JANUARY 1974 VERSION. THE "CORRECTED"BTN REPORT CONCORDANCE FOR BTN HEADINGS IN THE KR STEEL SECTOR HAS 55 DIFFERENCES WITH THE AGREED KR STEEL SECTOR CONCORDANCE. KISSINGR

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